

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6809**

**BILL NUMBER:** HB 1334

**NOTE PREPARED:** Feb 5, 2004

**BILL AMENDED:** Feb 2, 2004

**SUBJECT:** Public Safety Survivor Insurance.

**FIRST AUTHOR:** Rep. Lawson L

**BILL STATUS:** As Passed House

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Public Safety Employee Survivor Insurance:* This bill provides that if certain public safety employers offer health insurance coverage for the employers' active employees, the employers must offer to provide health insurance coverage for the survivors of an employee who dies in the line of duty under the same plan provided for active employees. The bill specifies that the premiums, co-payments, and other costs of the coverage charged to the surviving spouse or child may not exceed the premiums, co-payments, and other costs chargeable to the employee for coverage for the employee's spouse or child as of the date of the employee's death.

*Service Fee in Small Claims and Civil Actions:* The bill also provides for the collection of a \$10 service fee in small claims and civil actions.

**Effective Date:** (Amended) July 1, 2004; July 1, 2005.

**Explanation of State Expenditures:** (Revised) *Public Safety Employee Survivor Insurance:* The bill requires certain public safety employers to offer to provide health insurance coverage for surviving spouses and dependent children of public safety employees who die in the line of duty.

For the state, this includes the State Police, excise police officers of the Alcohol and Tobacco Commission, correctional officers of the Department of Correction, conservation enforcement officers of the Department of Natural Resources, and police officers of the state educational institutions. For other political subdivisions, the bill includes town marshals, deputy town marshals, and county police officers. The health insurance coverage must be equal to that of active employees. The bill would apply to all surviving spouses and dependent children meeting the requirements of the bill regardless of whether the line-of-duty death occurred prior to or after the effective date of the bill. The bill also provides that premiums, co-payments, and other costs of the coverage for the employee's spouse or child may not exceed that chargeable to the employee for coverage as of the date of the employee's death.

The initial cost of the bill to the state would be the employer cost of the state employee health benefit plans.

The initial cost to local units would be the employer cost of the health insurance coverage provided to active employees. The employer share for this coverage would increase overtime since the bill provides that the survivor share of the premium would be frozen at the amount that existed at the time of the employee's death.

The size of the newly covered group is such that specific data on the number of these public safety officers who died in the line of duty are not readily available, nor are the number of surviving spouses and dependent children. However, it has been suggested in testimony that this provision may currently affect 13 families statewide, with 7 or 8 being survivors of state public safety employees.

The estimated cost of insurance coverage based on potential numbers of eligible surviving spouses and dependent children is provided in the table below. Local units currently may buy into coverage equivalent to the state employee health plans. The current cost of buy-in coverage, both employer and employee share, is also provided in the table. The proportion of this cost paid by local units for this coverage would depend on the local employer/employee cost-sharing arrangement for the unit.

Number of Survivor Units *	Annual Cost of State Employee Health Plan- Single Coverage (Employer Share)	Annual Cost of State Employee Health Plan- Family Coverage (Employer Share)	If Distribution of Coverage among Qualifying Survivors Is Similar to That for State Employees	Cost Estimate for Local Buy-in to State Health Insurance- Single Coverage	Cost Estimate for Local Buy-in to State Health Insurance- Family Coverage
10	\$36,400	\$100,100	\$75,350	\$64,485	\$172,545
20	\$72,800	\$200,200	\$150,700	\$128,970	\$345,090
* May include a spouse, dependent children, or both.					

These estimated costs would be split among various state agencies and local agencies.

*Background Information:* This bill extends the provisions of P.L. 86-2003 to survivors of certain public safety officers who die in the line of duty. The new group include the following: a member of a fire department, other than a member described in:

- (A) IC 36-8-7-12.3(g);
- (B) IC 36-8-7-12.4(j);
- (C) IC 36-8-8-13.9(d); or
- (D) IC 36-8-8-14.1(h);
- (2) a member of a police department, other than a member described in:
  - (A) IC 36-8-6-9.7(f);
  - (B) IC 36-8-6-10.1(h);
  - (C) IC 36-8-8-13.9(d); or
  - (D) IC 36-8-8-14.1(h);
- (3) a correctional officer (as defined in IC 5-10-10-1.5);
- (4) an excise police officer;
- (5) a conservation enforcement officer;
- (6) a town marshal;
- (7) a deputy town marshal;
- (8) a state police officer;
- (9) a county police officer, other than an officer described in IC 36-8-10-16.5;
- (10) a county sheriff, other than a sheriff described in IC 36-8-10-16.5; or

(11) a member of a police department of a state educational institution (as defined in IC 20-12-0.5-1).

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:** (Revised) *Service Fee in Small Claims and Civil Actions:* Depending on the number of defendants named in these cases, this bill is estimated to generate new revenue over that provided under current statute in the following amounts.

Calendar Year	Low Estimate (\$ M) *	High Estimate (\$ M) *
2004	\$0.96	\$1.91
2005	\$2.64	\$5.28
2006 and following years	\$3.37	\$6.73
* The average number of defendants named in civil actions covered by this bill is unknown. The low estimate is based on an average of one defendant named; the high estimate is based on an average of two defendants.		

Under current law, a person filing a small claims action, effective July 1, 2005, will be billed a service fee of \$5 for each defendant named in a case. As proposed, this fee will be increased to \$10 for each defendant named in a small claims action on and after July 1, 2005. In the following analysis, the added revenue is based on an additional \$5 since under current law the counties would receive revenue from the existing \$5 fee already.

This bill would also impose a \$10 service fee for each defendant named or added to a civil action, effective July 1, 2004. For this estimate, civil actions include plenary filings, mortgage foreclosures, civil collections, torts, domestic relations, reciprocal support, mental health, protective orders, and miscellaneous cases.

*Background:* The following table is the basis for estimating the additional revenue that this bill could generate.

Cases	1998	1999	2000	2001	2002	Five-Year Average
Civil	174,365	173,596	187,806	201,753	217,982	191,100
Small Claims	287,828	282,218	289,964	305,776	290,493	291,256

The average number of defendants named in civil and small claims cases is not reported in published form. The following tables assume that the average number of defendants involved in these cases is between one and two. Based on this five-year average, the estimated revenue for the last six months of CY 2004 could range between \$960,000 and \$1.9 M depending on the number of respondents who are involved in these cases.

Revenue Estimate for CY 2004 \$ - (Millions)						
	Filings		Added Fee		For One Respondent	For Two Respondents
Civil (July thru December)	95,550	x	\$10	=	\$0.96	\$1.91
Total New Revenue for last six months of CY 2004					\$0.96	\$1.91

For CY 2005, the new revenue is estimated to be between \$2.64 M and \$5.28 M. Note that the new small claims service fee takes effect on July 1, 2005. Consequently, six months of filings are affected. The added civil action service fee represents 12 months worth of filings.

Revenue Estimate for CY 2005 in \$M						
	Filings		Added Fee		For One Respondent	For Two Respondents
Civil	191,100	x	\$10	=	\$1.91	\$3.82
Small Claims (July thru December)	145,628	x	\$5	=	<u>\$0.73</u>	<u>\$1.46</u>
Total New Revenue for Calendar Year 2005					<u>\$2.64</u>	<u>\$5.28</u>

For CY 2006 and each following year, the added \$5 fees for small claims and \$10 for civil actions could generate between \$3.4 M and \$6.7 M.

Revenue Estimate for CY 2006 and Each Following Year in \$M						
	Filings		Added Fee		For One Respondent	For Two Respondents
Civil	191,100	x	\$10	=	\$1.91	\$3.82
Small Claims	291,256	x	\$5	=	<u>\$1.46</u>	<u>\$2.91</u>
Total New Revenue for CY 2006 and following years					<u>\$3.37</u>	<u>\$6.73</u>

The proceeds from the small claims service fees are deposited in the county general fund, while the civil action service fees are deposited in either the county, city, or town general fund.

**State Agencies Affected:** State Police, Alcohol and Tobacco Commission, Department of Natural Resources, Department of Corrections, State Universities.

**Local Agencies Affected:** Counties, cities, and towns.

**Information Sources:** Health insurance rates for 2004; LUG rates for 2003; *2002 Indiana Judicial Service Report*, Volume 1, Executive Summary

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